



FY 2002 Defense Budget

June 2001

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President Bush's Increases to Defense

(Dollars in Billions)



| | |
|--------------------------------|---------------|
| • FY 2001 supplemental request | + 5.6 |
| • FY 2002 blueprint increase | + 14.2 |
| • FY 2002 budget amendment | + 18.4 |
| Total Defense Increase | + 38.2 |

FY 2002 Defense Budget

(Dollars in Billions)



| | |
|--------------------------------|------------------|
| • FY 01 enacted appropriations | 296.3 |
| • FY 02 blueprint increase | <u>+ 14.2</u> |
| • FY 02 blueprint budget | <div>310.5</div> |
| • FY 02 budget amendment | <u>+ 18.4</u> |
| Total FY 02 Request | 328.9 |

FY 02 Goals



- Restore military morale
- Bolster readiness
- Transform military capabilities
- Streamline and upgrade DoD infrastructure
- Reform DoD organization, facilities and processes

Restore Military Morale



The FY 02 amended budget puts people first

- Targeted pay raise: at least 5% for all grades; up to 10% for mid-grades where retention is hardest
- Reduce out-of-pocket housing costs from 15% in 2001 to 11.3% in 2002 on the way to 0% in 2005
- Funds military healthcare realistically: \$17.9 billion in FY2002 -- up sharply from \$12.1 billion in FY 2001

Bolster Readiness



Readiness declines caused by

- Underfunding
- High tempo of operations
- Escalating maintenance costs for aging equipment
- FY 02 amended budget begins to reverse decline

Streamline and Upgrade DoD Infrastructure



- Upgrades & maintains streamlined facilities inventory
- Reduces DoD's facilities replacement age from 192 years to a rate closer to best practices over long term
- Improves quality of military housing and accelerates elimination of substandard housing
- Are planning an Efficient Facilities Initiative to rationalize and restructure bases, laboratories, and other DoD facilities

FY 02 DoD Budget by Title



Other \$10.6 B

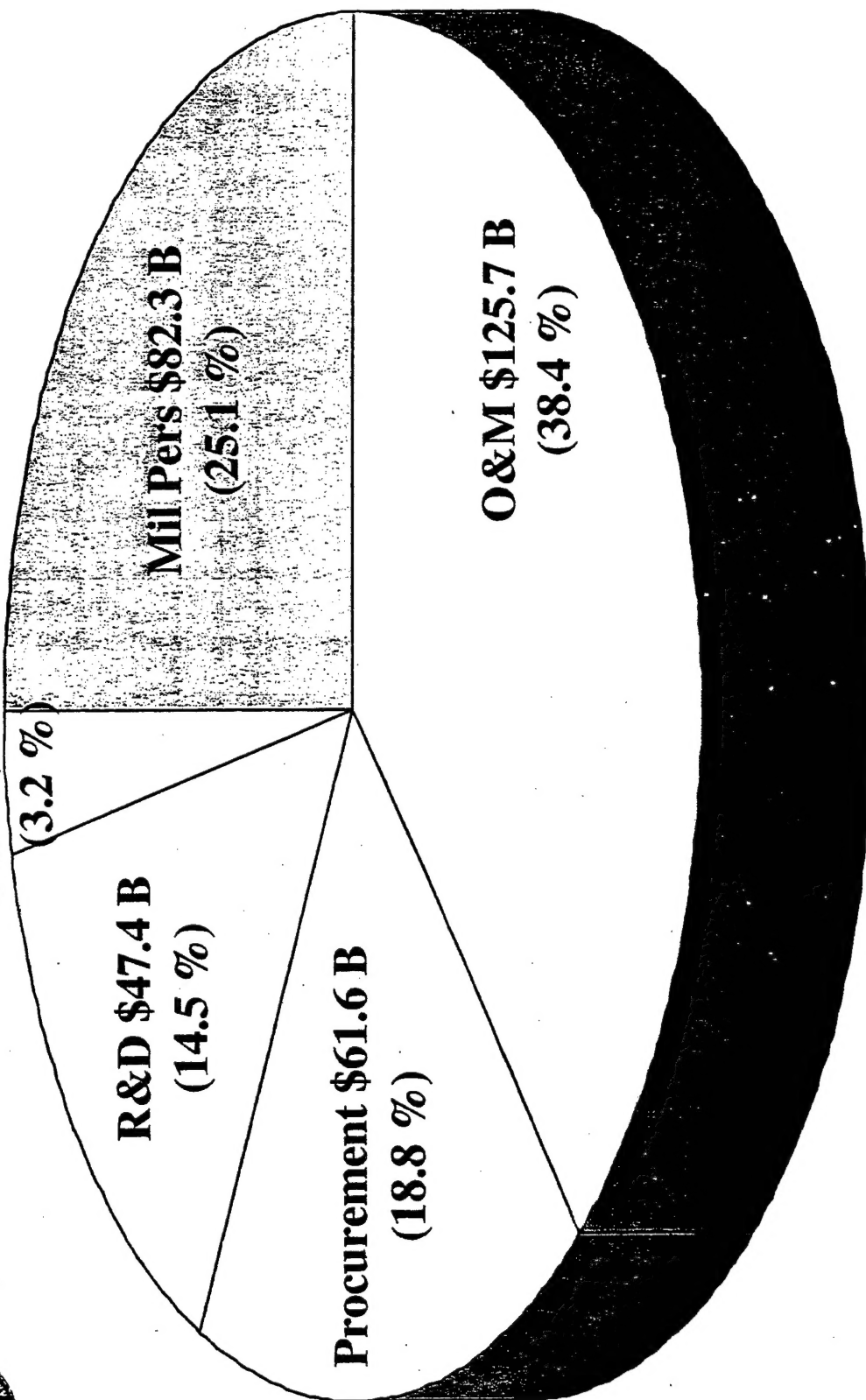
(3.2 %)

R&D \$47.4 B
(14.5 %)

Procurement \$61.6 B
(18.8 %)

Mill Pers \$82.3 B
(25.1 %)

O&M \$125.7 B
(38.4 %)



Military Personnel

(\$ Billions)



Overview:

- | | <u>FY 01</u> | <u>FY 02</u> |
|---------------------|--------------|--------------|
| • Army | 28.3 | 30.1 |
| • Navy/Marine Corps | 26.5 | 29.1 |
| • Air Force | <u>20.6</u> | <u>23.1</u> |
| Total | 75.4 | 82.3 |
- Extends benefits legislated in FY 01 Authorization Act
 - Funds FY 02 military pay raise of 4.6% (3.7% budgeted last year)
 - Includes \$1.0 billion for targeted pay increase (5% to 10%)
 - Eliminates poor and dangerous neighborhoods from housing allowance calculation
 - Reduces member out of pocket costs from 15% in 2001 to 11.3 % in 2002 on the way to 0% in 2005

Defense Health Program

(\$ Billions)



| | <u>FY 01</u> | <u>FY 02</u> |
|--|--------------|--------------|
|--|--------------|--------------|

Overview:

| | | |
|--------------|------|------|
| FY 01 Budget | 11.6 | 11.4 |
|--------------|------|------|

| | | |
|--------------|------|------|
| FY 02 Budget | 12.1 | 17.9 |
|--------------|------|------|

- Funds new over-65 health care and pharmacy benefit
- Is based on realistic health care cost estimates
 - 15 percent growth rates for pharmacy
 - 12 percent growth rates for managed care support contracts
- Proposed legislation to reduce cost of delivering health care by \$0.3 billion by applying a prospective payment rate system

Operation & Maintenance

(\$ in Billions)



Overview:

| | <u>FY 01</u> | <u>FY 02</u> |
|---------------------|--------------|--------------|
| • Army | 23.6 | 26.7 |
| • Navy/Marine Corps | 28.0 | 31.0 |
| • Air Force | 27.5 | 31.9 |
| • Defense Wide | 28.8 | 36.0 |
| Total | 107.9 | 125.7 |

Significant Programs:

| | | |
|-------------------------------------|------|------|
| • Aircraft operations | 7.6 | 9.4 |
| • Army OPTEMPO | 2.7 | 2.7 |
| • Ship operations | 2.7 | 2.9 |
| • Depot maintenance | 6.6 | 7.9 |
| • Training | 8.5 | 9.3 |
| • Reserve Components | 11.2 | 12.5 |
| • Facility Sustainment/Base support | 17.9 | 20.7 |
| • Defense Health Program | 12.1 | 17.9 |
| • Drug Interdiction | 0.9 | 0.8 |
| • Environmental restoration | 1.3 | 1.2 |
| • Contingency operations | 2.9 | 2.8 |
| • Cooperative Threat Reduction | 0.4 | 0.4 |



OPTEMPO

| <u>Flying Hours/Crew/Month</u> | <u>Goal</u> | <u>FY 00</u> | <u>FY01</u> | <u>FY 02</u> |
|--------------------------------|-------------|--------------|-------------|--------------|
| • Army | 14.5 | 12.7 | 14.5 | 14.0 |
| • Navy (Tactical Forces) | 22.6 | 20.9 | 17.8 | 22.6 |
| • Air Force (Tactical Forces) | 17.1 | 17.2 | 17.1 | 17.1 |

Ground OPTEMPO - Tank Miles

| | | | | |
|----------------------------------|-----------|-----------|-----------|-----------|
| • Homestation and Simulator | 800 | 669 | 800 | 730 |
| • National Training Center (NTC) | <u>97</u> | <u>95</u> | <u>97</u> | <u>97</u> |
| • Total Army | 897 | 764 | 897 | 827 |

Ship Operations

| | | | | |
|------------------------------------|------|------|------|------|
| • Underway Days/Quarter - Deployed | 50.5 | 50.5 | 50.5 | 50.5 |
|------------------------------------|------|------|------|------|



Force Structure

| | <u>FY 90</u> | <u>1993</u> <u>Base Force</u> | <u>1993</u> <u>BUR</u> | <u>1997</u> <u>QDR</u> | <u>Plan</u> <u>FY 02</u> |
|------------------------|--------------|----------------------------------|---------------------------|---------------------------|-----------------------------|
| Army Divisions | 18/10 | 12/8 | 10/8 | 10/8 | 10/8 |
| Marine Corps Divisions | 3/1 | 3/1 | 3/1 | 3/1 | 3/1 |
| Aircraft Carriers | 15/1 | 12/1 | 11/1 | 11/1 | 12 |
| Carrier Air Wings | 13/2 | 11/2 | 10/1 | 10/1 | 10/1 |
| Attack Submarines | 93 | 88 | 45-55 | 50 | 53 |
| Surface Combatants | 203 | 141 | * | 106/10 | 108/8 |
| Battle Force Ships | 546 | 430 | 346 | * | 313 |
| USAF Fighter Wings | 24/12 | 15/11 | 13/7 | 12+/8 | 12+/7+ |

* No quantity specified in this category.
(Dual entries show Active/Reserve quantities.)

RDT&E

(\$ Billions)



| | <u>FY 01</u> | <u>FY 02</u> |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

Overview:

| | | |
|---------------------|-------------|-------------|
| • Army | 6.3 | 6.7 |
| • Navy/Marine Corps | 9.4 | 11.1 |
| • Air Force | 14.0 | 14.3 |
| • Defense Wide | <u>11.3</u> | <u>15.3</u> |
| Total | 41.0 | 47.4 |

Includes a focus on transformational R&D

- Leap ahead technologies
- Countering unconventional threats to national security
- Improving R&D/test range infrastructure
- Reducing costs of weapon and intelligence systems



S&T Overview

(BA in Billions)

| | <u>FY 01</u> | <u>FY 02</u> |
|---------------------------------|---------------------|---------------------|
| Basic research | 1.3 | 1.3 |
| Advanced research | 3.7 | 3.7 |
| Advanced technology development | <u>4.0</u> | <u>3.8</u> |
| Total S&T | 9.0 | 8.8 |

- S&T level is 2.7% of FY 02 budget
- Continues funding for priority development such as:

| | |
|---|------------------|
| | (\$ in Millions) |
| • High energy lasers | 94 108 |
| • Nanotechnology | 44 69 |
| • Chemical & biological agent detection | 19 58 |

FY 2002 Transformational R&D

(BA in Millions)



Examples

| | <u>FY 01</u> | <u>FY 02</u> |
|--|--------------|--------------|
| • Digitization | 223 | 289 |
| • Future Combat System | 166 | 289 |
| • Global Hawk | 143 | 307 |
| • Joint Tactical Radio System (JTRS) | 90 | 186 |
| • Joint Experimentation (JFCOM only) | 51 | 100 |
| • Unmanned Underwater Vehicle (UUV) | 27 | 56 |
| • Naval unmanned combat air vehicle | 25 | 27 |
| • Deployable Joint Command and Control | 0 | 50 |
| • Small Diameter Bomb | 0 | 40 |

Missile Defense

(\$ Millions)



| | <u>FY 01</u> | <u>FY 02</u> |
|-------------------------------|--------------|--------------|
| • BMDO | 4,752 | 7,043 |
| • Army PAC III/MEADS | - | 857 |
| • Navy area-wide | - | 396 |
| • Air Force/SBL/SBIRS-low/ABL | <u>544</u> | <u>-</u> |
| Total | 5,296 | 8,296 |

- Program restructured
- Mature programs devolved to Services
- Increased R&D efforts for all phases of missile flight

Procurement

(Discretionary \$ Billions)



Overview:

| | <u>FY 01</u> | <u>FY 02</u> |
|---------------------|--------------|--------------|
| • Army | 11.9 | 11.2 |
| • Navy/Marine Corps | 26.5 | 24.6 |
| • Air Force | 21.4 | 23.0 |
| • Defense Wide | <u>2.4</u> | <u>2.8</u> |
| Total | 62.1 | 61.6 |

- QDR results incorporated in FY 03
- Funds optimum shipbuilding program
- Procures 48 F/A-18E/F aircraft
- Adds a third DDG-51 destroyer

Military Construction

(Discretionary \$ Billions)



Overview:

| | <u>FY 01</u> | <u>FY 02</u> |
|---------------------|--------------|--------------|
| • Army | 1.3 | 2.1 |
| • Navy/Marine Corps | 1.0 | 1.1 |
| • Air Force | 1.1 | 1.3 |
| • Defense Wide | <u>1.9</u> | <u>1.4</u> |
| Total | 5.3 | 5.9 |

- Includes \$2.0 billion initiative to restore degraded facilities from C-3 and C-4 status to C-2
- Original BRAC programs reduced to caretaker efforts
- Plans new EFI round for FY 03

Family Housing

(Discretionary \$ Billions)



| | <u>FY 01</u> | <u>FY 02</u> |
|--|--------------|--------------|
|--|--------------|--------------|

Overview:

| | | |
|---------------------|------------|------------|
| • Army | 1.2 | 1.4 |
| • Navy/Marine Corps | 1.3 | 1.2 |
| • Air Force | <u>1.1</u> | <u>1.4</u> |
| Total | 3.6 | 4.1 |

- Accelerates elimination of substandard housing
- Includes President's \$400 million to improve housing
 - \$195 million for 13,000 privatized units
 - \$98 million to construct 849 new on-base units and make improvements to existing units
 - \$107 million in Mil Con for 1,380 bachelor enlisted quarters

Management Reforms



- FY 02 amended budget initiatives:
- Applying Medicare billing rates and prospective payment schedules for care of military retirees: \$300 million savings
- Raising Davis Bacon Act thresholds allowing DoD to pay more non-union wages in non-union locations: \$190 million savings
- Allowing DoD to use private contractors for work beyond a depot's capacity: \$140 million savings
- Adds \$100 million initiative to begin process of fixing DoD financial management systems

Backup Material



Army Modernization

Quantities



FY 01 **FY 02**

System:

| | | |
|---------------------------|-----|-----|
| • Interim Armored Vehicle | 418 | 329 |
| • Abrams Tank Upgrade | 100 | 104 |
| • UH-60 | 18 | 12 |
| • Longbow Apache | 52 | 60 |

Air Force Aviation

Quantities



FY 01

FY 02

System:

| | | |
|---------------|----|----|
| • F-16 | 4 | - |
| • F-22 | 10 | 13 |
| • C-17 | 12 | 15 |
| • Joint Stars | 1 | 1 |
| • C-130J | 2 | 2 |

Naval Aviation

Quantities



FY 01 **FY 02**

System:

| | | |
|-------------|-----|----|
| • F/A-18E/F | 39 | 48 |
| • V-22 | 9 * | 12 |
| • KC-130 | 3 | 4 |
| • CH-60 | 15 | 13 |

* 2 R&D CV-22 not reflected in this number

Shipbuilding

Quantities



FY 01

FY 02

System:

| | | |
|----------------------|----------|----------|
| • CVN/CVNX | 1 | - |
| • DDG-51 | 3 | 3 |
| • NSSN | 1 | 1 |
| • LHD | - | 1 * |
| • T-AKE | 1 | 1 |
| Total Program | 6 | 6 |
| CVN/RCOH | - | 1 |

* Incrementally funded from FY 1999 to FY 2006